

# FAFSA 101

## Application Basics



# Agenda

- Steps in the Application
  - Parent and Student Income
- DRT
  - Assets Reported on the FAFSA
- Who is the Parent?
- Mistakes to Avoid
- Resources for Assistance



# Demographic Basics

- Student SSN and name must match SS card
- Student must be a US citizen or eligible non-citizen to be eligible for Federal Aid
  - DACA students are not eligible for Federal Aid
- Students/parents with an SSN can create an FSA ID (electronic signature for FAFSA)
  - Create FSA ID before starting the FAFSA
- At least **one** parent is required to sign the FAFSA
- Undocumented parents enter 000-00-000 into SSN fields
- Parents without an FSA ID will need to print out a signature page, sign it by hand and mail in for processing

# Student Residency and Eligibility

Student  
Demographics

School Selection

Dependency  
Status

Parent  
Demographics

Parent  
Financials

Student  
Financials

Sign & Submit

Confirmation



## STUDENT INFORMATION

Have you lived in **Arizona** at least 5 years?

☒ Yes ☐ No



Are you a U.S. citizen?



Yes, I am a U.S. citizen (or U.S. national)



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## Student Selective Service

Student  
Demographics



School Selection

Dependency  
Status

Parent  
Demographics

Parent  
Financials

Student  
Financials

Sign & Submit

Confirmation

### STUDENT INFORMATION

Are you male or female?



Male



Female



Most male citizens and male immigrants must register with the Selective Service System to receive federal student aid.

Are you registered with the Selective Service System?



Yes



No



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## Student Education

Student  
Demographics



School Selection

Dependency  
Status

Parent  
Demographics

Parent  
Financials

Student  
Financials

Sign & Submit

Confirmation

### STUDENT INFORMATION

What will your high school completion status be when you begin college in the 2020-2021 school year?



High school diploma



What college degree or certificate will you be working on when you begin the 2020-2021 school year?



1st bachelor's degree



Will you have your first bachelor's degree before you begin the 2020-2021 school year?



☐ Yes ☒ No

What will your college grade level be when you begin the 2020-2021 school year?



Never attended college/1st yr.



Are you interested in being considered for work-study?



☐ Yes ☐ No ☒ Don't know

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## Student Foster Care and Parent Education Completion

Student  
Demographics



School Selection

Dependency  
Status

Parent  
Demographics

Parent  
Financials

Student  
Financials

Sign & Submit

Confirmation

### STUDENT INFORMATION

Are you a foster youth or were you at any time in the foster care system?



Yes



No



Highest school completed by Parent 1



High School



Highest school completed by Parent 2



College or beyond



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# Basic Information for Financial Aid Offices

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Student must list high school or equivalent completion, including name of high school if applicable

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Highest education level of parents (if known) helps colleges identify 1<sup>st</sup> generation students

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Student's expected grade level in college is estimate – controls the estimated loan awards calculated upon FAFSA completion

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Student must indicate that s/he does not have bachelor's degree for Pell eligibility to be calculated

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Student should always answer “yes” to Federal Work-Study question to ensure that Financial Aid Office considers eligibility for this program whether or not the student plans to work

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# Who is the Parent?

- Student's **natural/biological** parent(s) if they live together, whether married or not.
- Student's **adoptive** parent(s) if they live together, whether married or not.
- If parents are separated or divorced, list the parent the student lived with more than 50% during last 12 months.
- If above parent is re-married, include step-parent regardless of date of marriage.
- A Legal Guardian is **NOT** a parent.

# Parent and Student Income

## *Rules for taxable income*

- A Federal tax return must be filed by parents if earnings meet IRS rules
  - \* Undocumented can file taxes with an ITIN
- FAFSA is likely to be flagged for inconsistency if parents are married but one files as “Head of Household”
- Use IRS Data Retrieval Tool (DRT) to ensure accuracy of income information reported
- Number of exemptions claimed may not match the household size



## Get My Federal Income Tax Information

See our [Privacy Notice](#) regarding our request for your personal information.

Enter the following information from your 2018 Federal Income Tax Return. [?](#)

All fields are required unless marked otherwise.

**First Name**

Jane

**Last Name**

Austin

**Social Security Number**

No input required

\*\*\* - \*\* - 8019

**Date of Birth**

MM/DD/YYYY

01/01/1950



**Filing Status** [?](#)

Married-Filed Joint Return



**Street Address** [?](#)

Must match your 2018 Federal Income Tax Return

**P.O. Box** [?](#)

Required if entered on your tax return

## Parent IRS Info



 **You have successfully transferred 2018 IRS tax information.**

The parents' IRS tax information has been successfully transferred into this FAFSA. Questions that were populated with tax information will be marked with "Transferred from the IRS." For your protection, IRS tax return information is not displayed on the FAFSA.

What was your parents' adjusted gross income for 2018?

**Transferred from the IRS**



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# Parent and Student Income

## *When the DRT CAN'T be used*

- Parents whose tax filing status was “Married filing separately”
- Married parent filing “Head of Household”
- Marital Status changed after Dec 31<sup>st</sup> of prior calendar year
- Parents without an FSA ID
- Filed a Puerto Rican or foreign tax return
- Filed taxes electronically within the last 3 weeks

# Parent and Student Income

## Untaxed income includes:

- Income not required to be reported on federal tax return
  - EXCLUDES: government need-based benefits (e.g. Social Security, Social Security Disability, government housing or food assistance)
- Cash contributions from family or friends
  - EXCLUDES: in-kind contributions of free rent or food
- Generally all monetary income earned from work is considered taxable



# Parent and Student Assets

*Assets Do NOT include the following:*

- Primary residence
- Family-owned business or family farm with *less than* 100 employees
- Retirement accounts such as IRAs and 401Ks
- Trust funds **IF** access is restricted by court order
- Possessions such as jewelry, cars, antiques
- 529 Plans owned by someone other than parent or student

# Why Do They Ask That?

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- Parent date of marriage? – If marriage occurred before or during tax year, tax filing status is expected to be married filing jointly or separately
- Did anyone in household receive a federal programs benefit? – If assistance such Medicaid, SSI, free or reduced lunch, or SNAP has been received, asset questions are skipped
- Does the total amount of your asset net worth exceed the amount listed? – The specific amount displayed in the question calculates a custom “asset protection allowance” based on parent age(s) and state of residence



# Why are FAFSA questions sometimes skipped?

Asset questions can be skipped in “simplified needs formula”

- Income less than \$50,000 AND filed Schedule 1
- No taxable income
- Family has received means-tested benefit
- Family member is dislocated worker (currently laid off from job)

Student income/asset information is skipped in “automatic -0- EFC” formula”

- Parental income is \$26,000 or less so EFC is automatically -0-
- Independent students only qualify for automatic -0- EFC if income is \$26,000 or less AND they have dependents other than a spouse

# FAFSA Dates Dilemma

## *Pay attention to date requirements of certain questions*

- Is student married as of FAFSA filing date?
- Income of parent and step-parent must be counted even if not married during year of requested income tax information
- Will the student have a child s/he will support during award year?
  - ✓ Award year is July 1<sup>st</sup> - June 30th
  - ✓ Financial support must be **greater than** 50%
- What is the household size going to be during the award year (July 1 to June 30)?
- What was the income for the tax year in question?
  - ✓ For 2020-21 application, tax year is 2018
  - ✓ For 2021-22 application, tax year will be 2019

# FAFSA is an application, not an award

- The college or university, **NOT** the federal government, determines award types and amounts
  - FAFSA calculates Expected Family Contribution (**EFC**) – used to determine financial need
  - FAFSA confirmation page presented after student clicks “submit” calculates full-time Pell Grant eligibility and estimated loan eligibility
- Pell Grant amount can change based on enrollment status or verification
- Student must indicate if they “accept” loans after being awarded; starts a *separate* loan process
- Student aid award from school to student is contingent upon student meeting:
  - All application and admission requirements
  - Submission of all requested documentation, especially if selected for federal verification process

# Top 5 FAFSA Mistakes



FSA ID issues for student and/or parent



Income information for parent and student reversed



Parent has federal tax return issues



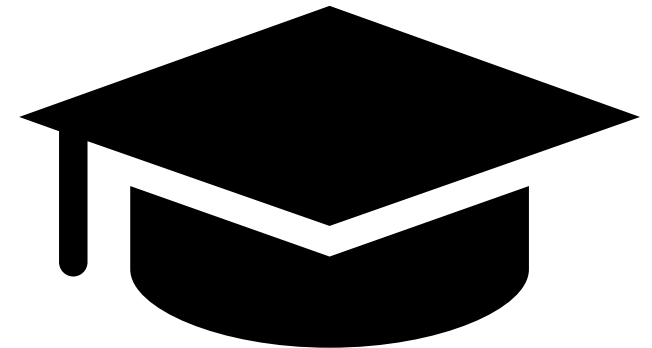
Household size is incorrect



Hard copy signature pages required for parent without FSA ID are not submitted

# The FAFSA Opens Oct 1st

- 2020 Graduating Seniors
  - Current high school seniors will complete the 2020-2021 FAFSA Form
  - 2018 Income & Tax info required
- 2021 Graduating Seniors
  - Incoming high school seniors will complete the 2021-2022 FAFSA Form
  - 2019 Income & Tax info required
- Allow enough processing time when trying to meet scholarship or admission deadlines





## Websites

<https://financialaidtoolkit.ed.gov/tk/resources.jsp>

[AZFAFSAToolkit.com](https://AZFAFSAToolkit.com)



## Handouts:

- “Am I dependent or independent?”
- “Who’s my parent?” handout
- The 2020-2021 FAFSA checklist



## Videos:

**FAFSA® Form and FSA ID Tips for Parents**

<https://youtu.be/fz9j-g1FIHQ>

# FAFSA Resources

# Contact Information

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